

**Minutes**  
**North Dakota Public Employees Retirement System**  
**Thursday, April 26, 2001**  
**Health Department, AV Room, 2<sup>nd</sup> Floor**  
**Judicial Wing**  
**Bismarck, North Dakota**

Members Present:

Mr. Joseph Maichel, Chairman  
Mr. Weldee Baetsch  
Mr. David Gunkel  
Mr. Ron Leingang  
Mr. Robert Barnett  
Mr. Howard Sage  
Ms. Sandi Tabor

Others Present:

Mr. Sparb Collins, Executive Director NDPERS  
Mr. Scott Miller, Attorney General's Office  
Ms. Denise Curfman, NDPERS  
Ms. Deb Knudsen, NDPERS  
Ms. Kathy Allen, NDPERS  
Ms. Sharon Schiermeister, NDPERS  
Mr. Bryan Reinhardt, NDPERS  
Ms. Kim Humann, NDPERS  
Ms. Diane Heck, NDPERS  
Ms. Cheryle Masset, NDPERS  
Ms. Sharmain Dschak, NDPERS  
Mr. Larry Brooks, BCBS  
Mr. Dennis Casey, ZKL  
Ms. Lisa Mitchell, AGRS  
Ms. Rosalia Nolan, AGRS  
Mr. Keith Poch, AGRS  
Mr. Cal Fleischer, AGRS  
Mr. Allen Wyman, Mid Dakota Clinic  
Ms. Jean Mullen, Attorney Generals Office  
Mr. Tom Tupa, AFPE & INDSEA

Chairman Maichel called the meeting to order at 8:30 a.m.

**Minutes**

Chairman Maichel called for any questions or comments regarding the minutes of the April 2001 meeting.

**Mr. Leingang moved approval of the minutes. Mr. Gunkel seconds the motion.**

**Ayes:** Baetsch, Gunkel, Leingang, Sage, Tabor, Barnett and Maichel

**Nays:** None

**PASSED**



## DEFERED COMP/ DEFINED CONTRIBUTION

### Zurich Kemper – (Board Action Requested)

Mr. Dennis Casey, Senior Vice President, Client Services for Zurich Kemper joined the Board meeting in response to the Boards decision to suspend Zurich Kemper Life as an active provider for the retirement plan due to unresponsiveness to communications arising from a delayed execution of a participant's transfer request. Mr. Casey submitted a check for the administrative penalty to Ms. Sharon Schiermeister, Accounting Manager, PERS. Mr. Casey relayed a plan of action to ensure that this does not happen in the future and indicated the following actions that they have taken between Thursday, March 29<sup>th</sup> and Tuesday, April 2<sup>nd</sup>.

1. Changed the administrative responsibility of the plan to Ms. Jean Blevins, Manager of Annuity Services.
2. Copies of financial transaction confirmations for PERS Plan Administrators will automatically generate.
3. Semi-annual report will be carefully reviewed for all aspects of Plan Administration prior to sending it. A joint review between your Plan Administrator and our management team as requested by PERS.

Mr. Collins inquired as to what happens with the contributions that are not identified. Mr. Casey reviewed with the Board the process of contributions and what happens with a contribution that can not be identified immediately. Mr. Casey explained that once the contribution is identified it is posted to the member's account with the initial date and the performance of the fund will be reflected in the members' account.

**Mr. Leingang moved approval of staff recommendation for the Board to remove the suspension.**

**Ms. Tabor moved approval of staff recommendation for the Board to remove the suspension with probationary period for staff to monitor the monthly contributions and the next quarterly statements and report back to the Board after that.**

**Mr. Gunkel seconds the motion.**

**Ayes:** Baetsch, Gunkel, Leingang, Sage, Tabor, Barnett and Maichel

**Nays:** None

**PASSED**

### Hartford Survey – (Informational)

Mr. Reinhardt, provided an overview of the survey to the Board. This survey is on file at the North Dakota Public Employees Retirement System's office.

### American General – (Informational)

Included with the Board materials are several letters covering the background of the performance issues we have with American General and correspondence sent by Mr. Collins outlining these issues and requesting response. Mr. Collins indicated that PERS has had several conference calls with American General. Mr. Collins relayed to the Board that American General has put into place several changes internally and has set up a bi-monthly conference call with PERS staff for a period of time to handle these issues. Mr. Collins indicated to the Board that American General is being responsive to the issues. Keith Poch, Regional Vice President, Rosalia Nolan, Senior Vice President Institutional Services and Lisa Mitchell, Account Manager from American General appeared before the Board to address the performance issues that were brought to their attention. Ms. Nolan presented the Institutional Services Performance Standards covering payroll processing, trading, earnings posting, fees posting, plan reporting and participant



statements. Ms. Nolan indicate that they have hired an outside service (Price Waterhouse Coppers) for an independent audit on the dividend posting issues. PERS will receive reports from Price Waterhouse. Ms. Nolan indicated to the Board that all the issues have been identified, prioritized, and broken down into a step by step matrix showing who will be handling the item and when is will be completed. Ms. Tabor expressed a concern on how we are going to correspond to the members/employees who have expressed concern. Ms. Tabor feels that the correspondence needs to come from the Board. Mr. Maichel agrees with Ms. Tabor on the fiduciary responsibility. Mr. Pock offered to assist in that correspondence to the employees. Mr. Collins requested from American General to come up with a table of performance standard that could be monitored and reported back to the Board on a quarterly bases. Ms. Nolan indicated that she would work with Mr. Collins to create the table.

## **RETIREMENT**

### **Termination (Informational)**

Mr. Collins conveyed that at the February Board meetings we have discussed the issue of “who is the employer” and “how long does an employee need to be off of a covered payroll in order to be terminated” Mr. Miller reviewed with the Board N.D.A.C. 72-02-01-01(24) which defines “termination of employment” to mean “a severance of employment by not being on the payroll of a covered employer for a minimum of one month.” Thus the two requirements that must be met are (1) the member must not be on the payroll of a covered employer and (2) the duration that absence must be at least one month. Mr. Miller indicated that our statute defines the employer as either the State of North Dakota or a Political Subdivision of the State, under that definition the entire State of North Dakota System; Higher Ed, Bank of North Dakota, all three branches of state government are all the same employer for the PERS plan. Mr. Collins indicated based upon the review by Mr. Miller PERS staff could implement those provisions, staff met with the Highway Patrol and Higher Education to advise them of the issues and to inform them on how PERS will be handling the retirements in the future.

### **Dickinson School (Board Action Requested)**

Included in the Board materials was a letter from Mr. Dean Koppelman, Superintendent of Dickinson Public Schools, informing PERS of an issue that has arisen concerning the pickup of the employer contribution of the PERS Retirement Plan. As a result of PERS not being notified of the pickup PERS has continued to record the employee contributions as an after-tax contribution. However, the school district has implemented the pickup and has recorded this as pre-tax contributions. The result of this is that the tax records PERS and the school system are not consistent. Mr. Collins indicated that staff has had several conversations with the Dickinson School District on how to resolve this situation. The options are:

1. For Dickinson School District to resolve this by correcting the tax reporting to its participant's which means over 180 school district employees will be effected.
2. For PERS to make the correction, which effects approximately 6 members.

Mr. Collins indicates that for option 2, staff and legal council, have come up with a Settlement Agreement if this is selected.

**Mr. Gunkel moved approval of Option 2 subject to execution of the Settlement Agreement.  
Ms. Tabor seconds.**

**Ayes:** Baetsch, Gunkel, Leingang, Sage, Tabor, Barnett and Maichel

**Nays:** None

**PASSED**



## GROUP INSURANCE

### BCBS Pilot Program (Board Action Requested)

Dr. George O'Neill, Clinical Director of Mental Health, NORIDIAN, and Larry Books, BCBS appeared before the Board to introduce a new pilot program for the seriously mentally ill (SMI). This program will apply to all their fully insured business. This project is designed to work with the seriously mentally ill much like case benefits management. Methods of treatment will be looked at to help reduce the number of readmission. Some of the treatment recommendations may go outside the scope of benefits in order to reduce future cost.

**Ms. Tabor motioned to approve the pilot program. Mr. Barnett seconds the motion.**

**Ayes:** Baetsch, Gunkel, Leingang, Sage, Tabor, Barnett and Maichel

**Nays:** None

**PASSED**

### EAP Proposal (Board Action Requested)

At the March Board meeting the EAP Proposals were reviewed and discussed including the proposal that was received from MedCenter One Health Systems. It was determined that their proposal was not fully responsive. The Board directed staff to send a letter to MedCenter One Health Systems providing them the opportunity to submit a more complete response. Mr. Collins indicated that MedCenter One Health Systems did respond to that letter and staff has reviewed the materials and finds that MedCenter One Health System's proposal is now fully responsive.

**Mr. Baetsch motions for approval of MedCenter One Health System's proposal and includes them as an EAP Provider for the upcoming biennium. Mr. Gunkel seconds.**

**Ayes:** Baetsch, Gunkel, Leingang, Sage, Tabor, Barnett and Maichel

**Nays:** None

**PASSED**

### Premium Over/Under Payments (Board Action Requested)

Ms. Schiermeister indicated at the March Board meeting, the proposed policy for premium over/under payments was presented. Since then Mr. Miller has reviewed the policy and made no recommendations for change. PERS received word from ING, they are in-concurrent for premiums with life and dental. Therefore, no changes have been made to the policy since the March Board meeting. Ms. Schiermeister proposed that it be incorporated into the Administrative Code if approved.

**Ms. Tabor moved approval. Mr. Leingang seconds.**

**Ayes:** Baetsch, Gunkel, Leingang, Sage, Tabor, Barnett and Maichel

**Nays:** None

**PASSED**

### Blue Cross Blue Shield Contract Draft (Informational)

Included in the Board materials was a first draft of the plan document portion of the contract for the 2001- 2003 biennium. Mr. Collins indicated that staff has reviewed it and had relayed comments back to BCBS. Mr. Collins requested that if there are any questions or concerns from the Board to let him know and he would pass them back to BCBS. Staffs' goal is to bring back a



final copy of this to the May or June Board meeting. Upon approval by the Board, the SPD must be submitted to the Insurance Department for review.

#### Surplus/Affordability & Graph Update (Informational)

The Surplus/Affordability and Graph Updates were included in the board materials for informational purposes only and required no action by the Board.

### MISCELLANEOUS

#### Proposed Legislation (Informational)

Included in the board materials was a North Dakota Legislative Bill Tracking Report for your review. Mr. Collins provided the Board with an update on HB 1025 (PERS Administrative Budget). The budget for PERS that was adopted was the budget recommended by the Governor.

#### Payroll Conference (Informational)

Included in the board material was an agenda of the NDPERS 2-Day Payroll Conference for your information. Mr. Collins extended an invitation to all the Board members to join the conference lunch on Thursday, May 10<sup>th</sup>.

#### Audit Committee Minutes (Informational)

Included in the board materials are the approved minutes from the October 19, 2000 meeting for your information no action is required by the Board.

#### Next Board Meetings

The next Board meetings have been set for:

May 24<sup>th</sup> - 8:00 PM – Fort Union Room, State Capital

June 19<sup>th</sup> - 8:00 PM – Fort Union Room, State Capital

July 18<sup>th</sup> - 8:00 PM – Fort Union Room, State Capital

#### Confidential – Executive Session - (Board Action Request)

Chairman Maichel requested that members of the public, who were attending the meeting, leave the room.

Chairman Maichel called the Executive Session to order at 10:30 AM.

Members Present:

Mr. Joseph Maichel, Chairman  
Mr. Weldee Baetsch  
Mr. David Gunkel  
Mr. Ron Leingang  
Mr. Robert Barnett  
Mr. Howard Sage  
Ms. Sandi Tabor

Others Present:

Mr. Sparb Collins, Executive Director NDPERS  
Mr. Scott Miller, Attorney General's Office  
Ms. Denise Curfman, NDPERS  
Ms. Deb Knudsen, NDPERS  
Ms. Sharmain Dschak, NDPERS  
Dr. Allen Wyman, Mid Dakota Clinic  
Ms. Jean Mullen, Attorney Generals Office  
Mr. Joseph Larson, Attorney at Law

Conference Call:



The Executive Session adjourned at 11:00 AM.

Chairman Maichel called the general meeting to order at 11:05 AM.

Chairman Maichel called for a motion on Appeal 2001-0001-D

**Ms. Tabor motions to reaffirm previous denial. Mr. Barnett seconds.**

**Ayes:** Baetsch, Gunkel, Leingang, Sage, Tabor, Barnett and Maichel

**Nays:** None

**PASSED**

Chairman Maichel calls for any other business, hearing none meeting adjourned at 11:15 PM.

*Respectfully Submitted*

***Denise A. Curfman***

*Denise A. Curfman*  
*Secretary, NDPERS Board*